

Message Text

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ACTION EA-14

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FOR STATE/ AID

E. O. 11652 N/ A

TAGS: ECON, CB

SUBJ: ECONOMIC MEASURES

REF: PHNOM PENH 5966

1. REFTEL PROMISED THE FOLLOWING TRANSLATION FROM THE FRENCH
VERSION OF THE GOVERNMENT COMMUNIQUE ON THE PACKAGE OF ECONOMIC
MEASURES ADOPTED JUNE 15, 1973 BY THE COUNCIL OF MINISTERS:

QUOTE. GOVERNMENT COMMUNIQUE. EVER SINCE THE KHMER REPUBLIC
HAS BEEN FACED WITH THE CURRENT WAR OF AGGRESSION, THE GOVERNMENT
HAS MADE ENORMOUS FINANCIAL SACRIFICES TO STABILIZE PRICES OF
IMPORTED COMMODITIES.

THUS THE RICE PURCHASED ABROAD FOR BETWEEN 5,300 RIELS AND
7,300 RIELS PER 100 KG. IS SOLD AT THE PRICE OF 2,200 RIELS TO
THE PEOPLE. THE GOVERNMENT THUS PAYS FOR THE CONSUMERS BETWEEN
3,100 RIELS AND 5,100 RIELS FOR 100 KG. EXPERIENCE HAS SHOWN
THAT THIS PRACTICE, ALTHOUGH PROVIDING RELIEF FOR PART OF THE
PEOPLE, INCITES IN THE END, DISHONEST MERCHANTS TO SELL RICE TO THE
ENEMY FOR BIG PERSONAL PROFITS. THE SACRIFICES MADE BY THE
GOVERNMENT BENEFIT IN FACT THE SPECULATORS.

THE BUDGET SUPPORT BECOMES MORE AND MORE HEAVY. IN ORDER TO
CORRECT THIS GRAVE FINANCIAL SITUATION, THE COUNCIL OF MINISTERS,
MEETING ON JUNE 15, 1973, AFTER LONG DELIBERATIONS, HAS TAKEN THE
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FOLLOWING MEASURES:

- SUPPRESS ALL PRICE COMPENSATIONS WHICH HAVE BECOME SO HEAVY FOR THE GOVERNMENT BUDGET;
- GIVE GOVERNMENT EMPLOYEES THE POSSIBILITY TO AFFORD PRICES OF STAPLE FOOD PRODUCTS.

THEREFORE, THE COUNCIL HAS TAKEN THE FOLLOWING DECISIONS:

1. AS OF JUNE 16, 1973, THE PRICE OF RICE AND BROKENS IS SET AS FOLLOWS ON THE BASIS OF PRICES PAID TO LOCAL PRODUCERS:
 - (1) RICE OF FIRST QUALITY (15 PCT BROKEN) 5,700 RIELS PER 100 KG
 - (B) RICE OF FIRST QUALITY (25 PCT BROKEN) 5,500 RIELS PER 100 KG
 - (C) RICE OF FIRST QUALITY (50 PCT BROKEN) 5,000 RIELS PER 100 KG
 - (D) RICE IMPORTED FROM ABROAD 5,000 RIELS PER 100 KG
 - (E) RICE SECOND QUALITY (50 PCT BROKEN) 4,500 RIELS PER 100 KG
 - (F) BROKENS 1/2 3,700 RIELS PER 100 KG
 - (G) BROKENS 3/4 2,500 RIELS PER 100 KG
 2. AS OF JULY 1, 1973, WATER AND ELECTRICITY PRICES WILL BE ADJUSTED TO ELIMINATE HEAVY COMPENSATIONS BY THE GOVERNMENT WHICH ARE ABOUT TO REACH ONE BILLION RIELS PER YEA (THESE PRICES WILL BE SOON PUBLISHED).
 3. THE PRICE OF PETROLEUM PRODUCTS WILL BE SET ACCORDING TO THE PRICE IN THE INTERNATIONAL MARKET.
 4. TO LIGHTEN FAMILY BUDGETS OF GOVERNMENT EMPLOYEES AND THE MILITARY, THE GOVERNMENT DECIDES TO GRANT THEM, AS OF JUNE 1, 1973, VARIOUS SUPPLEMENTARY INDEMNITIES AS FOLLOWS:
 - A) A SUPPLEMENTARY COST OF LIVING INDEMNITY OF 1,600 RIELS PER MONTH;
 - B) A SUPPLEMENTARY HOUSEHOLD INDEMNITY OF 150 RIELS PER MONTH FOR THE WIFE AND 100 RIELS FOR EACH CHILD;
 - C) ALSO IT WAS DECIDED TO GRANT A PREMIUM FOR OPERATINS IN FAVOR OF THE COMBATTANTS;
 - D) RATES OF INDEMNITY FOR OVERTIME IN INSTITUTIONS OF LEARNING WILL BE INCREASED ACCORDINGLY.
- IN THE DIFFICULT CIRCUMSTANCES WHICH THE COUNTRY FACES AT THE PRESENT TIME, THE GOVERNMENT CALLS IN THE UNDERSTANDING OF ALL OUR FELLOW CITIZENS OF THE NEED FOR THESE MEASURES TAKEN ONLY WITH THE AIM TO RESOLVE THE ECONOMIC AND FINANCIAL PROBLEMS, THE BURDEN OF WHICH MUST BE DIVIDED MORE EQUITABLY BETWEEN ALL OUR CITIZENS.
- PHNOM EPNH, JUNE 15, 1973, SUM CHHUM, END QUOTE.

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